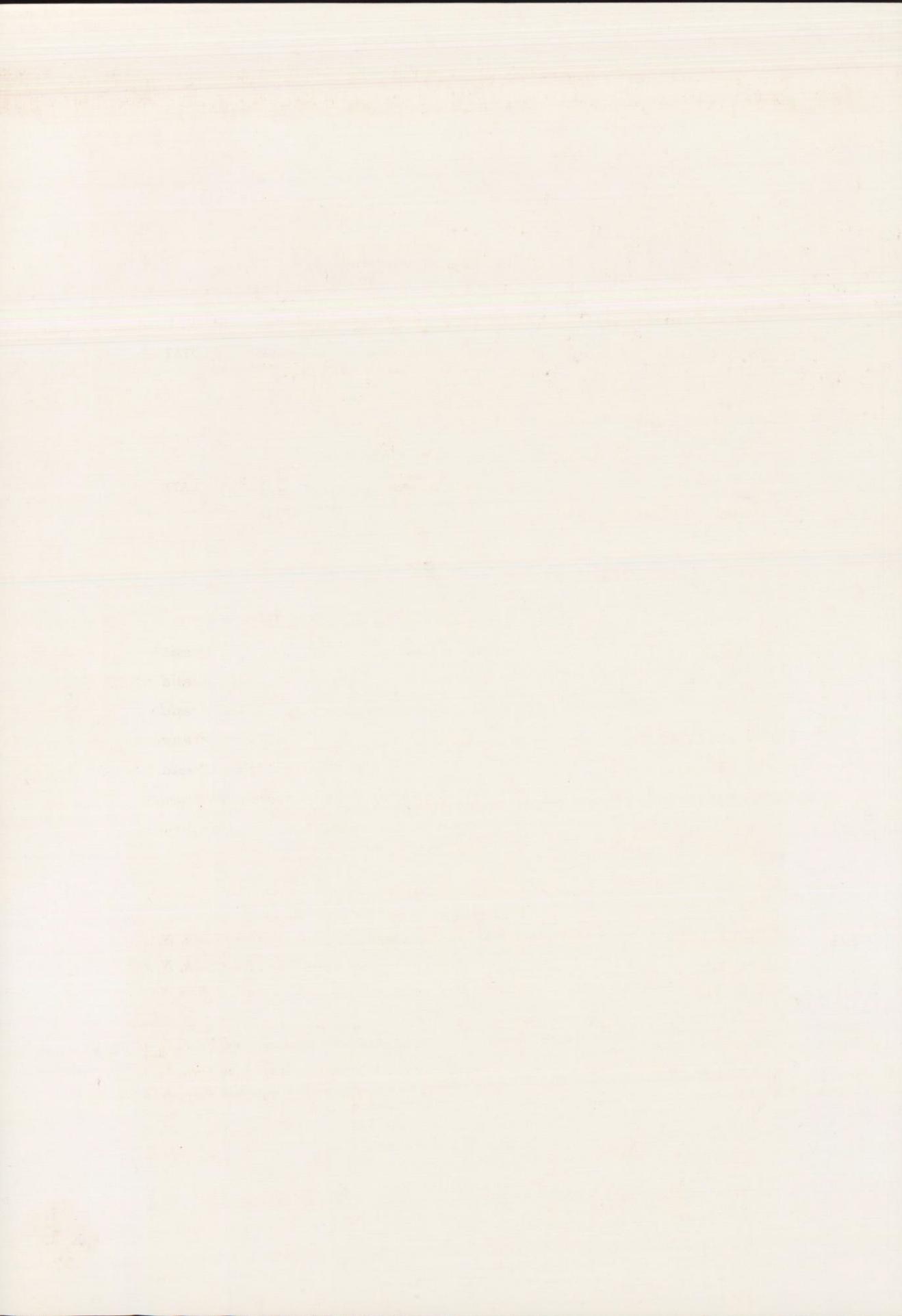




1953

ANNUAL REPORT



DIRECTORS AND OFFICERS

Directors

R. F. COPPEDGE, *Chairman*

RANDOLPH CATLIN	A. J. FINK	FRANK J. HUMPHREY, JR.
N. BAXTER JACKSON	HARRY O. LATHAM	WILLIAM L. LESS
LAURENCE W. SIMONDS	LEONARD SPANGENBERG	F. W. PAUL
		EUGENE W. STETSON

Executive Committee

LEONARD SPANGENBERG, *Chairman*

R. F. COPPEDGE	A. J. FINK	HARRY O. LATHAM
EUGENE W. STETSON		F. W. PAUL

Officers

R. F. COPPEDGE, (1931) *Chairman of the Board of Directors*

F. W. PAUL (1925)	President
G. C. CHAMBERS (1931)	Vice President
R. A. VROOM (1922)	Vice President
M. O. HILL (1920)	Vice President
L. C. SHOCKLEY (1928)	Vice President
T. C. LAWRENCE (1945)	Financial Vice Pres. & Secretary-Treasurer
C. R. PURDON (1929)	Comptroller

Dates indicate year first employed.

General Counsel	Sullivan & Cromwell, New York, N. Y.
Auditors	S. D. Leidesdorf & Co., New York, N. Y.
Transfer Agent	Guaranty Trust Company of New York
Registrar	
Common Stock	Bankers Trust Company, New York, N. Y.
Preferred Stock	Chemical Bank & Trust Company, New York, N. Y.
General Office	1107 Broadway, New York, N. Y.

McCRORY STORES CORPORATION

February 11, 1954

To The Stockholders:

Net earnings of the McCrory Stores Corporation for 1953, before Federal Taxes on Income, were \$7,202,277 and compared with \$6,502,757 in 1952. The net income, after Federal Taxes, for 1953 was equal to \$1.50 per share of common stock, of which \$.06 per share represents income on the sale of property. The income in 1952 amounted to \$1.37 per share.

The Corporation's operations during 1953 resulted in sales of \$104,787,105, a decrease for the year of 2%. The long rise in dollar sales that started in the early forties seems to have leveled off and it is expected that 1954 will be a year of keen competition for the customer's dollar. The Company continues to keep its selling operations flexible, adjusting as necessary to meet local conditions. It is applying the principle of self service where practical to its overall operations, as this method of selling with adequate facilities is a natural development in the variety store field.

Regular quarterly dividends of \$.25 per share on the Common Stock were paid at the end of March, June, September and December. At the end of December an extra dividend of \$.10 per share was paid bringing the total payment for the year to \$1.10.

REPORT TO STOCKHOLDERS

The major part of the Corporation's capital expenditures in 1953 went into the building of the new Brooklyn store that replaced a former store which opened in 1922. With 2500 feet of lineal counter space and all merchandise priced under 10¢ the old store was then known as the world's largest variety store. The new store opened in November of 1953 and its acceptance by holiday shoppers was spontaneous. The store has close to 70,000 square feet of selling space and offers a selection of high ticket items such as lamps, toasters, cameras, record albums and bicycles as well as the regular merchandise always found in a variety store. In addition to a bakery and meat department offering a selection of basic foods for home consumption, the store has several soft drink and sandwich bars, and restaurant facilities able to accommodate 400 diners at one time. The store is completely modern throughout, with air conditioning, escalators and wide aisles for the convenience of the customers.

The Corporation opened a new store at Key West, Florida in December and enlarged its store on the boardwalk at Atlantic City, New Jersey. Two new locations were obtained at Waynesboro, Pa. and Wichita Falls, Texas and these stores when opened within the next month will complete the building program costing approximately \$3,400,000 for 1953.

In the early part of January 1954 our store at Orange, New Jersey, a modern unit, was completely destroyed by fire. A new store will be built on this location and be opened in the late fall. Two small stores that contributed little to sales or profits were closed at the year end, when their leases terminated. It is not anticipated at this time that the building program in 1954 will exceed \$2,500,000. The annual charge

McCRORY STORES CORPORATION

for depreciation and amortization will provide the greater portion of these funds.

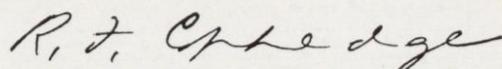
CHANGES IN WORKING CAPITAL

	1953	1952
WORKING CAPITAL (at beginning of year)	<u>\$13,825,266</u>	<u>\$14,265,850</u>
DEDUCTIONS FROM WORKING CAPITAL:		
Cash Dividends on Preferred and Common Stock	\$ 2,718,745	\$ 3,060,897
Capital Assets (expenditures for new and remodeled stores, etc. — Net)	3,018,925	2,348,715
Account Receivable — Noncurrent	300,000	
Decrease in deferred charges, etc.	(42,606)	(236,168)
	<u>\$ 5,995,064</u>	<u>\$ 5,173,444</u>
ADDITIONS TO WORKING CAPITAL:		
Net Income	\$ 3,627,277	\$ 3,327,757
Amortization and depreciation	1,477,218	1,405,103
	<u>\$ 5,104,495</u>	<u>\$ 4,732,860</u>
NET DECREASE IN WORKING CAPITAL	<u>\$ 890,569</u>	<u>\$ 440,584</u>
WORKING CAPITAL (at end of year)	<u>\$12,934,697</u>	<u>\$13,825,266</u>

Working Capital during the heavy fall inventory period was again expanded by short term bank loans in the amount of \$2,000,000. This amount was repaid before the end of the year. Changes in working capital during the year are reflected in the schedule above.

The splendid cooperation of all persons associated with McCrory Stores Corporation during the past year has been greatly appreciated.

—BY ORDER OF THE BOARD OF DIRECTORS



R. F. COPPEDGE, *Chairman*



F. W. PAUL, *President*

REPORT TO STOCKHOLDERS

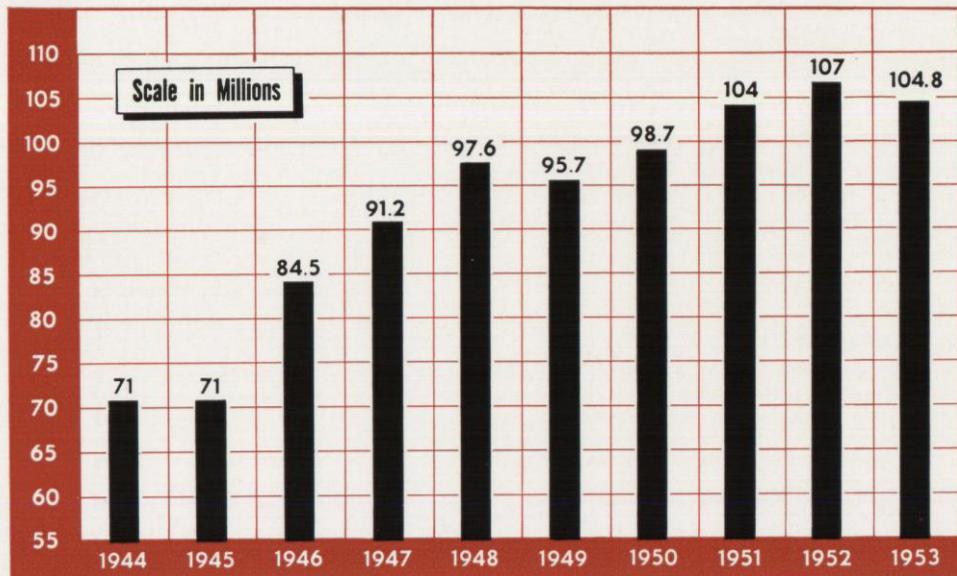
The Story in Brief

	1953	1952
Sales	\$104,787,105	\$106,987,048
Number of Stores	211	211
Average Sales per Store	496,621	507,048
Employees Compensation and Pension Costs (Including Payroll Taxes)	19,289,588	19,407,841
Net Earnings	3,627,277	3,327,757
Earned per Share*	1.50	1.37
Dividends per Share*	1.10	1.25
Taxes per Share* (Federal, State and Local)	1.80	1.62
Net Additions to Fixtures and Improvements	3,018,925	2,348,715
Working Capital	12,934,697	13,825,266
Current Ratio	2.51	2.84
Net Worth per Share	14.44	14.04
Number of Stockholders	7,249	6,753

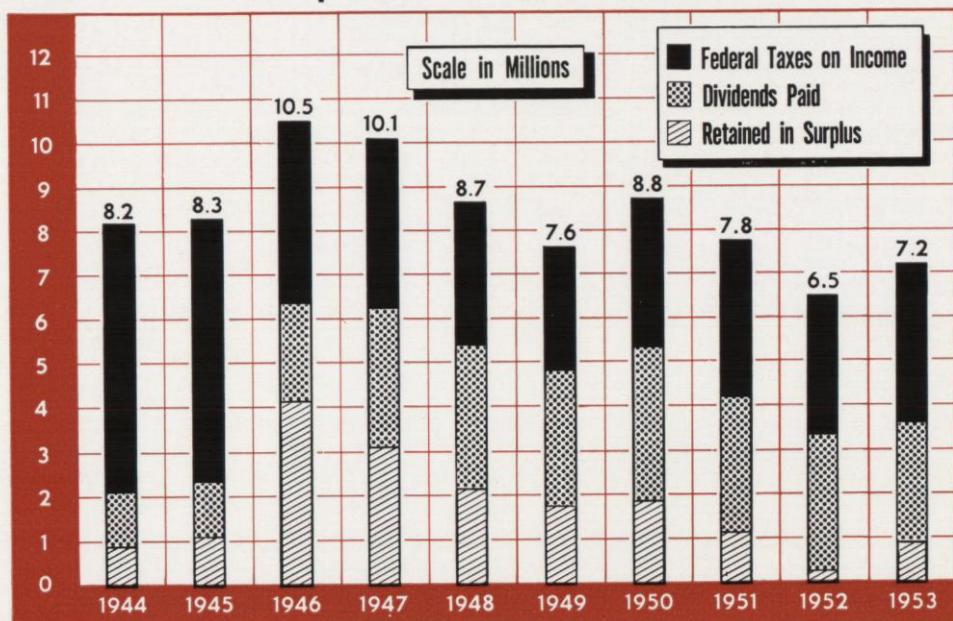
*Common Stock Outstanding at End of Year.

SALES AND INCOME GRAPHS

Annual Sales



Disposition of Income



ACCOUNTANTS' REPORT

**TO THE BOARD OF DIRECTORS
McCRORY STORES CORPORATION
NEW YORK, N. Y.**

We have examined the balance sheet of McCrory Stores Corporation as at December 31, 1953 and the related statement of income and earned surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statement of income and earned surplus, together with the notes to financial statements, present fairly the financial position of McCrory Stores Corporation at December 31, 1953, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

S. D. LEIDESDORF & CO.

Certified Public Accountants

New York, N. Y.
February 11, 1954

McCRORY STORES CORPORATION

McCrory Sto

BALANCE SHEET as at D

A S S E T S

CURRENT ASSETS:	1953	1952
Cash on hand, in banks and in transit	\$ 6,113,996	\$ 7,500,934
Merchandise inventories—Note A	15,265,462	13,805,056
Miscellaneous accounts receivable, less reserve	100,064	36,036
Total Current Assets	\$21,479,522	\$21,342,026
ACCOUNT RECEIVABLE—Noncurrent	<u>\$ 300,000</u>	
FIXED ASSETS:		
Real estate, at adjusted value December 31, 1936 and subsequent additions at cost	\$ 6,217,886	\$ 6,206,991
Furniture and fixtures, equipment and utensils, at cost	13,185,899	12,730,002
Improvements to leased property, at adjusted value January 1, 1936 and subsequent additions at cost	16,850,475	15,254,008
	36,254,260	34,191,001
Less: Reserves	11,487,599	10,924,184
Total Fixed Assets	\$24,766,661	\$23,266,817
DEFERRED CHARGES:		
Prepaid rents, insurance, taxes, store supplies, etc.	\$ 923,506	\$ 924,249
	<u>\$47,469,689</u>	<u>\$45,533,092</u>

NOTES TO FINANCIAL STATEMENTS

Financial statements as at or for the year ended December 31, 1952 are included for comparative purposes only.

Note A—

Merchandise at stores:	1953	1952
Inventories at the lower of cost or market based upon the retail method of inventory valuation	\$11,873,118	\$10,888,692
Inventories at cost—restaurants	106,780	112,201
Merchandise at warehouses—at cost	923,635	714,467
Merchandise in transit—at cost	2,361,929	2,089,696
\$15,265,462		\$13,805,056

Note B—

The 3½% Cumulative Convertible Preferred Stock is redeemable at the option of the Corporation, in whole or in part, at \$104 per share, plus accrued dividends to date of redemption, and in the event of voluntary liquidation, is entitled to receive an amount equal to the then redemption price and in the event of involuntary liquidation is entitled to \$100 per share and accrued dividends.

COMPARATIVE BALANCE SHEET

res Corporation

December 31, 1953 and 1952

LIABILITIES

CURRENT LIABILITIES:

	1953	1952
Accounts payable—including merchandise in transit	\$ 4,031,496	\$ 3,437,881
Accrued expenses, taxes, rents, salaries, etc.	3,682,450	3,642,302
Reserve for Federal taxes on income	3,830,879	3,436,577
Less: U. S. Treasury notes	<u>(3,000,000)</u>	<u>(3,000,000)</u>
Total Current Liabilities	<u><u>\$ 8,544,825</u></u>	<u><u>\$ 7,516,760</u></u>

CAPITAL STOCK AND SURPLUS — Notes B, C and D:

Preferred Stock—par value \$100.00 per share:

Authorized	80,000 shares		
3½% Series—Cumulative Convertible			
Outstanding	59,893 shares	\$ 5,989,300	\$ 5,989,300

Common Stock—par value \$.50 per share:

Authorized	2,800,000 shares		
Issued and outstanding	2,281,017 shares	1,140,508	1,140,508
Capital Surplus (no change during the year)	7,723,474	7,723,474	
Earned Surplus (since January 1, 1936)	<u>24,071,582</u>	<u>23,163,050</u>	
	<u><u>\$38,924,864</u></u>	<u><u>\$38,016,332</u></u>	
	<u><u>\$47,469,689</u></u>	<u><u>\$45,533,092</u></u>	

FINANCIAL STATEMENTS

Note C—

Of the total of 2,800,000 shares of Common Stock authorized 299,465 shares are reserved for issuance upon conversion of the 3½% Cumulative Convertible Preferred Stock.

Note D—

Pursuant to certain restrictions in connection with the authorization of the 3½% Cumulative Convertible Preferred Stock, Capital and Earned Surplus as at December 31, 1953 in the approximate amount of \$16,200,000 is not available for dividends on the Common Stock.

GENERAL—

At December 31, 1953 the minimum annual rentals upon property leased to the Corporation under 253 leases expiring after December 31, 1956 amount to approximately \$3,400,000, plus real estate taxes, insurance, etc.

The accompanying financial statements are subject to final determination of Federal and state taxes.

McCRORY STORES CORPORATION

Statement of Income and Earned Surplus

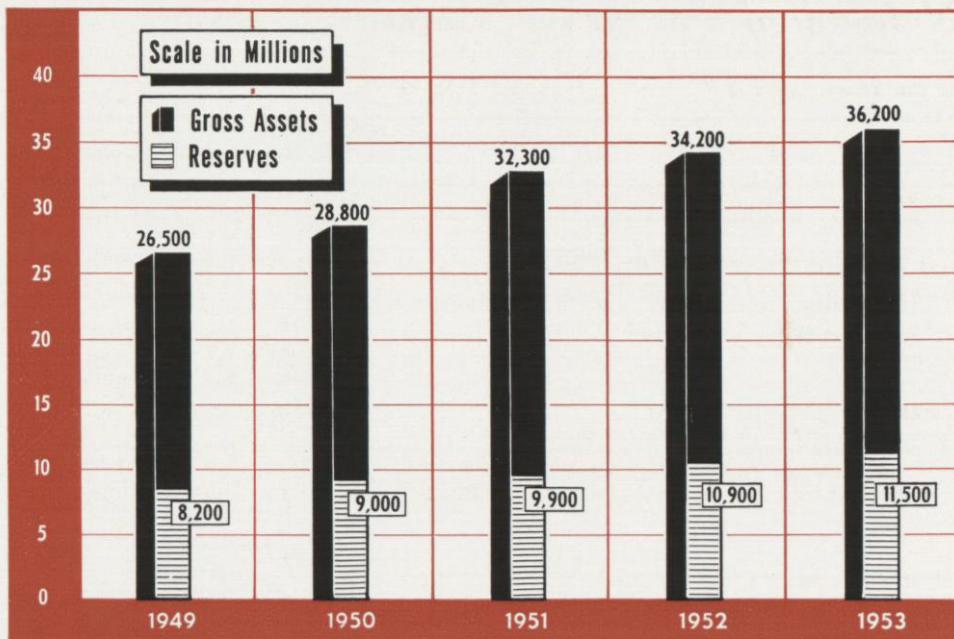
For the Years Ended December 31, 1953 and 1952

	1953	1952
SALES (merchandise, restaurant and concession) . . .	\$104,787,105	\$106,987,048
COST OF GOODS SOLD AND OPERATING EXPENSES		
(including occupancy and general and administrative expenses)	96,178,740	99,056,620
	8,608,365	7,930,428
OTHER INCOME:		
Income from sale of property	155,328	3,299
Miscellaneous income, less other deductions	(84,198)	(25,867)
	71,130	(22,568)
Net income before depreciation, amortization and Federal taxes on income	8,679,495	7,907,860
Depreciation and amortization	1,477,218	1,405,103
Net income before Federal taxes on income	7,202,277	6,502,757
Provision for Federal taxes on income	3,575,000	3,175,000
NET INCOME	3,627,277	3,327,757
EARNED SURPLUS (since January 1, 1936) as at December 31, 1952 and 1951	23,163,050	22,896,190
	26,790,327	26,223,947
Dividends paid on:		
Common Stock 1953—\$1.10 per share	2,509,119	2,851,271
1952—\$1.25 per share		
Preferred Stock	209,626	209,626
	2,718,745	3,060,897
EARNED SURPLUS (since January 1, 1936) as at December 31, 1953 and 1952—Note D	\$ 24,071,582	\$ 23,163,050

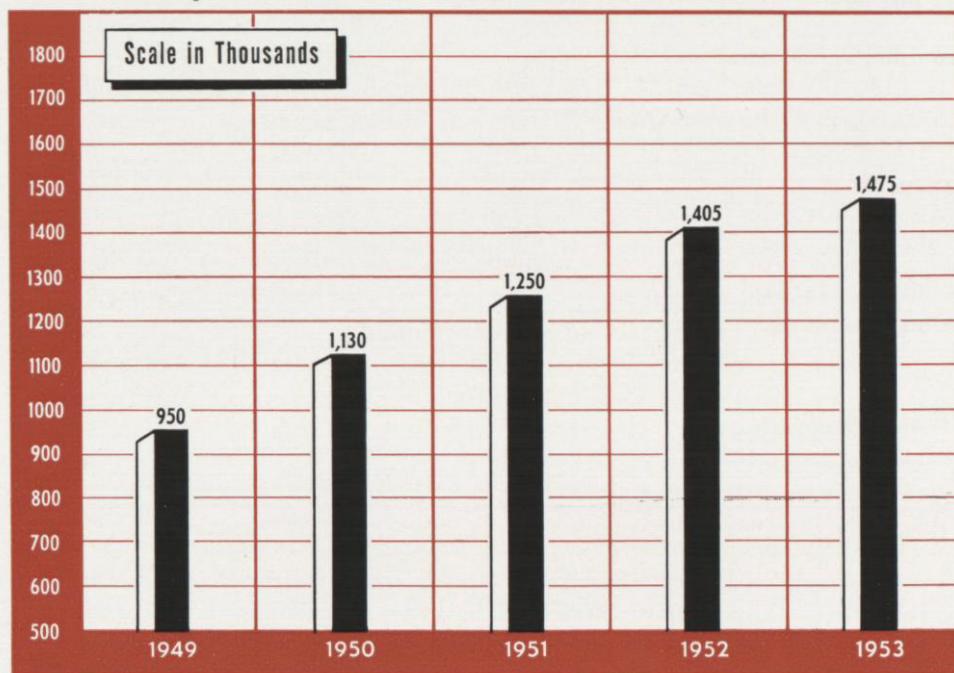
The Notes to Financial Statements are an integral part of this statement and should be read in conjunction herewith.

FIXED ASSETS GRAPHS

Fixed Assets



Depreciation and Amortization



McCRORY STORES CORPORATION

Ten Year Summary

(In thousands of dollars)

	1953	1952	1951
SALES	\$104,787	\$106,987	\$104,222
Cost of Sales, including occupancy expenses	71,192	73,286	71,011
Selling, general and administrative expenses	24,987	25,771	24,378
Depreciation and amortization	1,477	1,405	1,252
Other Income, less other deductions	71	(22)	248
NET INCOME Before Federal Taxes	7,202	6,503	7,829
Federal Taxes on Income	3,575	3,175	3,740
NET INCOME	\$ 3,627	\$ 3,328	\$ 4,089
Cash Dividends on Preferred Stock	210	210	210
Cash Dividends on Common Stock	2,509	2,851	2,851
*Net Income per share of Common Stock	1.50	1.37	1.70
*Cash Dividends per share of Common Stock	1.10	1.25	1.25
Number of Stores	211	211	206

Financial Position -

	1953	1952	1951
WORKING CAPITAL			
Current Assets			
Cash and U.S. Government Securities	\$ 6,114	\$ 7,501	\$ 8,778
Merchandise Inventories	15,266	13,805	13,372
Miscellaneous Accounts Receivable	100	36	744
Total Current Assets	21,480	21,342	22,894
Current Liabilities	8,545	7,517	8,628
WORKING CAPITAL	12,935	13,825	14,266
OTHER ASSETS			
Account Receivable — Noncurrent	300	—	—
Deferred Charges, etc.	923	924	1,097
Fixed Assets, Less Reserves for Depreciation and Amortization	24,767	23,267	22,387
	38,925	38,016	37,750
OTHER LIABILITIES			
Long Term Debt	—	—	—
NET ASSETS	\$ 38,925	\$ 38,016	\$ 37,750
Represented by			
Preferred Stock	\$ 5,990	\$ 5,990	\$ 5,990
Common Stock and Surplus	32,935	32,026	31,760
	\$ 38,925	\$ 38,016	\$ 37,750
*NET WORTH PER SHARE OF COMMON STOCK	\$ 14.44	\$ 14.04	\$ 13.92

*Number of shares of Common Stock has been adjusted to reflect 2 for 1 split during April 1951.

TEN YEAR SUMMARY

Statement of Income

1950	1949	1948	1947	1946	1945	1944
\$98,665	\$95,767	\$97,588	\$91,225	\$84,509	\$71,282	\$71,324
66,140	65,137	66,088	61,336	56,645	48,182	48,433
22,930	22,249	22,139	19,569	16,999	14,060	13,932
1,130	951	746	674	651	667	712
340	156	74	407	324	(91)	(64)
8,805	7,586	8,689	10,053	10,538	8,282	8,183
3,540	2,755	3,200	3,750	4,000	5,910	6,000
\$ 5,265	\$ 4,831	\$ 5,489	\$ 6,303	\$ 6,538	\$ 2,372	\$ 2,183
210	210	210	210	205	225	300
3,135	2,850	3,193	3,022	2,280	995	990
2.21½	2.02½	2.31½	2.67	2.77½	1.00	.95
1.37½	1.25	1.40	1.32½	1.00	.50	.50
205	201	202	199	199	199	203

December 31, 1944-1953

1950	1949	1948	1947	1946	1945	1944
\$ 8,642	\$10,876	\$12,195	\$15,003	\$15,632	\$14,197	\$13,660
15,678	11,407	11,379	11,908	8,271	5,131	5,698
96	48	114	190	101	189	45
24,416	22,331	23,688	27,101	24,004	19,517	19,403
8,464	6,754	6,782	9,098	6,811	7,517	8,012
15,952	15,577	16,906	18,003	17,193	12,000	11,391
—	—	—	—	—	—	—
968	909	1,142	1,133	1,124	809	1,294
19,800	18,316	14,983	11,809	10,744	10,285	10,850
36,720	34,802	33,031	30,945	29,061	23,094	23,535
—	—	—	—	72	—	2,625
<u>\$36,720</u>	<u>\$34,802</u>	<u>\$33,031</u>	<u>\$30,945</u>	<u>\$28,989</u>	<u>\$23,094</u>	<u>\$20,910</u>
\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000
30,720	28,802	27,031	24,945	22,989	17,094	14,910
<u>\$36,720</u>	<u>\$34,802</u>	<u>\$33,031</u>	<u>\$30,945</u>	<u>\$28,989</u>	<u>\$23,094</u>	<u>\$20,910</u>
<u>\$ 13.47</u>	<u>\$ 12.63</u>	<u>\$ 11.85½</u>	<u>\$ 10.94</u>	<u>\$ 10.08</u>	<u>\$ 8.24</u>	<u>\$ 7.53</u>

211 McCRRORY STORES

211 McCrrory Stores . . .

Arkansas (3)	Fla. (cont.)	Kentucky (2)	Missouri (1)
Eldorado	Leesburg	Louisville	St. Louis
Fort Smith	Live Oak	Lexington	
Jonesboro	Melbourne		
	Miami		
	Miami Beach		
	New Smyrna		
	Ocala		
Connecticut (1)	Orlando	Louisiana (3)	
Danbury	Palatka	Lafayette	Asbury Park
	Panama City	New Orleans	Atlantic City
	Plant City	1626 Dryades St.	Burlington
	Punta Gorda	1005 Canal St.	Camden
	Quincy		Clifton
Delaware (1)	Sanford		Jersey City
Dover	Sarasota		Newark
	St. Augustine		Orange
	St. Petersburg		Passaic
	425 Central Ave.		Perth Amboy
	3270 Central Ave.		Rahway
Dist. of Col. (1)	Tallahassee		Union
Washington	Wauchula		
	West Palm Beach		
	Winter Haven		
Florida (39)			
Arcadia	Georgia (8)		
Bartow	Atlanta		
Bradenton	Bainbridge		
Clearwater	Columbus		
Daytona Beach	Cordele		
128 S. Beach St.	Savannah		
814 Main St.	Tifton	Massachusetts (2)	
DeLand	Valdosta	New Bedford	
Fort Lauderdale	Waycross	1115 Acushnet Ave.	
Fort Myers		1009 S. Water St.	
Fort Pierce			
Gainesville			
Homestead			
Jacksonville	Indiana (3)	Mississippi (3)	North Carolina (5)
Key West	Anderson	Gulfport	Dunn
Kissimmee	Indianapolis	Jackson	Fayetteville
Lake City	Terre Haute	McComb	Fort Bragg
Lakeland			Roanoke Rapids
			Tarboro

IN TWENTY-TWO STATES*

... In Twenty-two States *

Ohio (9)	Pa. (cont.)	South Carolina (8)	Texas (cont.)
Canton	Franklin	Aiken	Taylor
Cleveland	Greensburg	Chester	Terrell
Dayton	Hanover	Columbia	Waco
East Liverpool	Homestead	Gaffney	Wichita Falls
Hamilton	Huntingdon	Georgetown	
Kent	Indiana	Greenwood	
Springfield	Johnstown	Newberry	
Steubenville	Kane	Rock Hill	
Youngstown	Lancaster		
	Lebanon		
	Lewistown		
	Monongahela		
	Mt. Pleasant		
	Patton	Tennessee (5)	
	Philadelphia	Bristol	Arlington
Pennsylvania (55)	1205 Market St.	Kingsport	Cape Charles
Allentown	919 Market St.	Morristown	Charlottesville
Altoona	Philipsburg	Oak Ridge	Front Royal
Barnesboro	Pittsburgh	Memphis	Harrisonburg
Bethlehem	105 E. Ohio St.		Pulaski
Bradford	314 Fifth Avenue		Staunton
Bristol	Portage		Winchester
Brookville	Pottstown		
Canonsburg	Punxsutawney		
Carlisle	Reading		
Carnegie	Reynoldsville	Texas (14)	West Virginia (11)
Chambersburg	Ridgway	Big Spring	Charleston
Charleroi	Scranton	Corpus Christi	Clarksburg
Chester	Somerset	Denton	Fairmont
Clearfield	South Fork	Fort Worth	Grafton
Connellsville	Tyrone	Galveston	Huntington
Cresson	Vandergrift	Hillsboro	Mannington
Donora	Waynesboro	McAllen	Martinsburg
DuBois	Waynesburg	Nacogdoches	Morgantown
Ebensburg	Wilkes-Barre	Palestine	New Martinsville
Emporium	Windber	San Antonio	Parkersburg
	York		Wheeling

*And the District of Columbia.

†Stores contemplated or under Construction.

Stockrooms at New York, N. Y. and Huntingdon, Pa.

McCRORY STORES CORPORATION





